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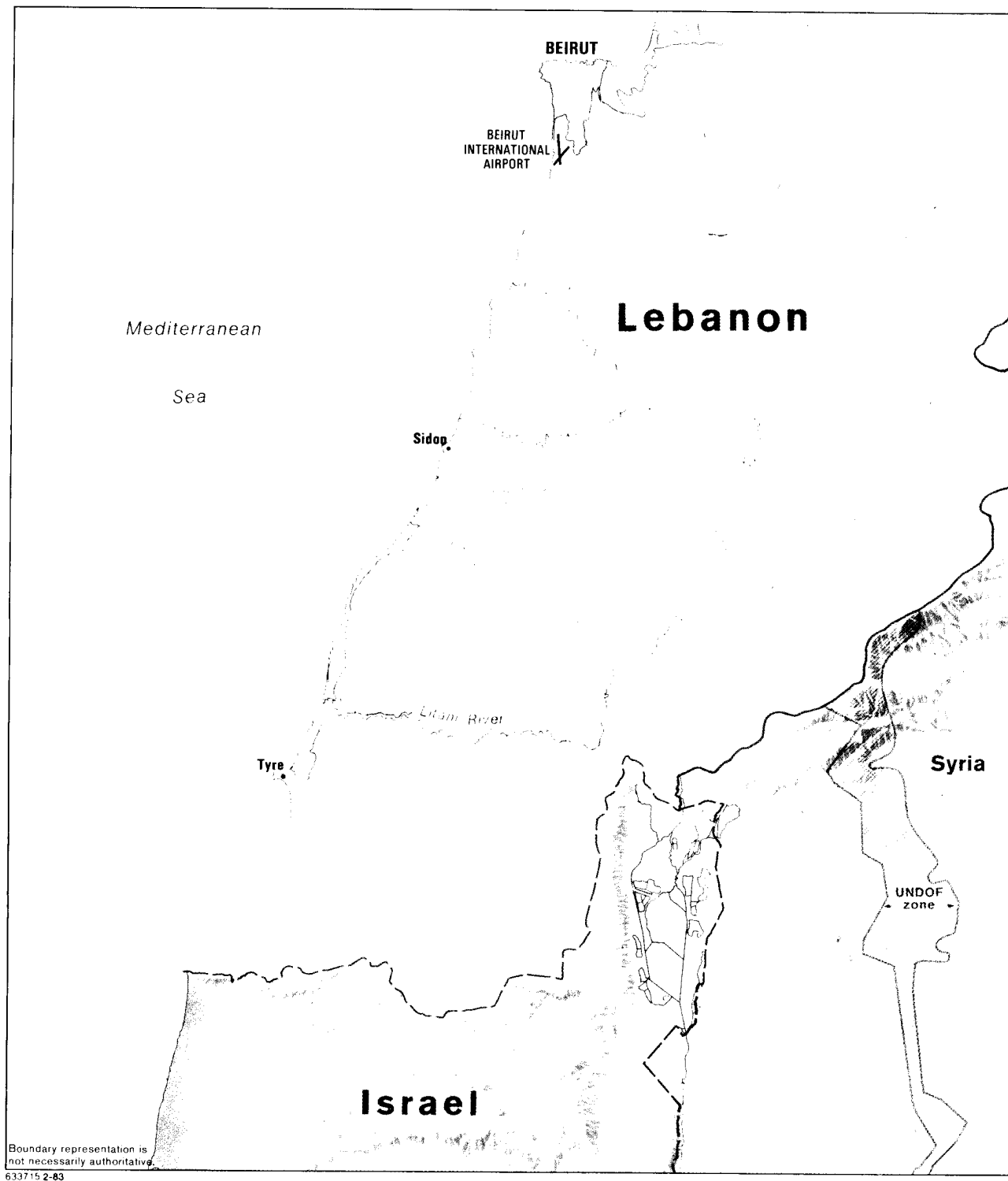
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LEBANON: Pressures on Palestinians

The Lebanese Forces Christian militia's continuing campaign of harassment of Palestinians apparently is designed to encourage them to leave Lebanon. [redacted]

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The increasing violence and intimidation against Palestinian civilians is most pronounced near Sidon. In recent weeks at least 15 Palestinians have been murdered, numerous others have been kidnaped, and many more have been evicted from their homes. [redacted]

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Israeli authorities in southern Lebanon are trying to provide security for the Palestinian refugee camps in the Israeli-controlled area and have warned the Lebanese Forces militia to end its activities there. In the vicinity of Sidon, however, approximately one-third of the Palestinians live in nearby towns rather than in the camps. [redacted]

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The 2,500 residents of the Mieh Mieh camp, which is isolated from Sidon and near a hostile Christian village, are especially vulnerable. There have been reports that Lebanese Forces militiamen have been seen in the camp. [redacted]

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Comment: The Lebanese Government probably is not concerned about the anti-Palestinian campaign. Despite official statements that legally registered Palestinians can remain, the government wants to reduce their number in the country--perhaps by half--and is determined to keep those who remain under tight control. Even if the Lebanese Army and security forces were to take control in the Sidon area, Palestinians would still be subject to roundups and long detentions similar to those that occurred during the Army's sweep of West Beirut last fall. [redacted]

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NATO-JAPAN: East-West Economic Study

The members of NATO are looking for a way to involve Japan in the study of the security implications of East-West economic relations. [redacted]

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Japanese representatives in Brussels have made clear that Tokyo will not commit itself to abide by NATO's recommendations unless it has a direct role. NATO Secretary General Luns suggests that Japan's association with the study be assured through consultations with the US, Canada, and West Germany. [redacted]

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France, however, opposes any arrangement that appears to institutionalize contacts between Japan and NATO. Foreign Minister Cheysson has expressly ruled out directly associating Japan with the NATO economic study and maintains that coordination with Tokyo has to be limited to informal bilateral discussions. [redacted]

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The UK and Canada support Luns's suggestion to establish the "trio mechanism." West Germany does not oppose such consultations but cautions against a NATO decision that could increase French opposition. [redacted]

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France's unwillingness to include the Japanese in the study stems partly from its long stand against involving nonmembers in Alliance affairs and expanding NATO's geographical scope. The French also fear that Japanese participation might make the NATO study appear to be the foundation for a formal, overall Western strategy for conducting economic relations with the USSR and Eastern Europe. The French have long resisted discussing East-West economic measures that go beyond security aspects of trade. [redacted]

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Under the new government of Prime Minister Nakasone, Japan wants to increase its participation in Western security consultations and is concerned that the NATO study may ignore Japanese trade interests. The NATO economic study is one of six East-West trade projects that the Allies and Japan agreed to undertake when the US pipeline sanctions were lifted in November. Tokyo participates in the other five because of its membership in the OECD and COCOM, but it believes that the NATO study could result in the most wide-ranging policy recommendations. [redacted]

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EAST GERMANY: Peace Movement Activity

The regime's increasing pressure on the peace movement is failing to slow its momentum. [redacted]

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More activists have been arrested during the past month, including a dozen organizers of a silent demonstration in the university city of Jena. US Embassy sources report that the authorities also are jailing more young men who seek to be considered conscientious objectors. [redacted]

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In addition, officials have harassed signers of an open letter to party leader Honecker protesting the possible drafting of women during national emergencies. The authorities recently put increased emphasis on pre-military training for school children, including "winter maneuvers" for those between six and 14 years of age. [redacted]

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To siphon support from the genuine peace movement, the regime produced at least 25,000 participants for its own "peace" rally on Sunday in Dresden. Meanwhile, peace activists staged alternative memorial meetings and discussions in Dresden, highlighted by an ecumenical service for 3,000 people. US Embassy sources say that many peace groups are planning numerous activities for the rest of the year, including a national-level coordination meeting in May. [redacted]

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Comment: Although the strong police reaction in Jena apparently led some local peace groups to abandon similar plans, activists are likely to turn to less provocative means to promote their cause. The premilitary training for school children probably will intensify opposition among the activists and may attract new adherents. [redacted]

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The authorities' desire to crack down on the peace movement is at odds with the need to show restraint and avoid undermining the Warsaw Pact's "peace offensive" in Western Europe. The regime felt obliged this week to deny Western media reports of arrests, suggesting that at least for now it will bow to the foreign policy constraint. [redacted]

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UK: Cut in North Sea Oil Prices Expected

A cut in crude oil prices by the British National Oil Company is anticipated tomorrow.

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The UK has been under pressure to cut prices for several weeks, and spot prices for North Sea crudes currently are about \$4 per barrel below official prices. Meanwhile, Libya has called for an OPEC meeting

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Comment: A reduction in official North Sea prices would lead to comparable price cuts by other large producers, especially OPEC's North African members. These cuts could force compromises by all OPEC members to reach agreement on pricing and production allocations.

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CUBA: Cutbacks in Foreign Assistance

Economic hardships may force Cuba to reduce scholarship grants to foreign students, according to the US Interests Section. [REDACTED]

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[REDACTED] the Soviets also are prodding the Cubans to eliminate superfluous expenses. In addition to reducing the number of new scholarships, Havana will shift the hard currency burden of existing ones--transport costs and special stipends--to the students' respective governments. [REDACTED]

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Comment: An estimated 25,000 foreign students are in Cuba, primarily from Ethiopia, Angola, Mozambique, and Nicaragua. The cutbacks will save little hard currency, because most of the scholarship costs are in soft currency. Moscow probably encouraged the move as part of its continuing effort to limit Cuba's demand for Soviet soft currency economic aid, which was estimated to be more than \$3.8 billion last year. [REDACTED]

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Labor Party Leader Hawke



The 52-year-old Hawke has been a member of Parliament since October 1980 . . . a moderate socialist . . . experienced in mediating labor disputes during 11 years as president of the Council of Trade Unions . . . enjoys the reputation as Australia's most popular politician.

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Special Analysis

AUSTRALIA: Impact of a Labor Election Victory

A government headed by Bob Hawke--who will become Prime Minister if the Labor Party wins the national parliamentary elections scheduled for 5 March--probably would cause some problems for US interests. Even so, it would not result in substantial reductions in Australian cooperation with the US on security or defense matters. The moderate foreign affairs plank in the Labor Party platform is based on support for the ANZUS alliance and for the close relationship with the US. Hawke publicly reaffirmed his commitment to both earlier this month. [redacted]

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Prime Minister Fraser surprised political observers on 3 February by calling for early elections. Immediately after the announcement, Australian Labor Party leader Hayden stepped down, and on 8 February Hawke was selected to replace him. [redacted]

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At present, the election appears likely to be extremely close, despite Hawke's current lead over Fraser in recent polls and Labor's lead over the Liberal - National Party coalition. The polls often reflect the popularity of Australian leaders accurately, but many voters put aside sentimental preferences when casting their votes. The selection of Hawke as Labor leader, however, gives the party a chance to do better than it would have under Hayden's uninspiring leadership. [redacted]

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The Immediate Challenge

Hawke first has to consolidate his control over a factionalized party and establish his leadership in the eyes of the voters. He will have difficulty reining in the party's left wing, a longstanding and vocal enemy. Some 20 to 25 leftwing members sit in Parliament, and without their cooperation the party would have much less appeal as a unified and responsible alternative to the current government. [redacted]

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The Labor Party's new leader is outspoken. He will have to campaign with unaccustomed caution if he is to gain the support of the essentially conservative electorate. [redacted]

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Labor's Foreign Policy

Hawke's selection as Labor leader also confirms that the party is gradually becoming somewhat more conservative. His record in Labor politics places him to the right of even the fundamentally moderate Hayden. [redacted]

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Labor's platform, which was adopted at the party's conference last July, emphasizes policies that would make Australia more independent in foreign affairs and national defense. Although the platform supports the ANZUS treaty and the Australian-US alliance, a Labor government probably would take more independent initiatives in Southeast Asia and would be more openly critical of US policy than is the Fraser government. [redacted]

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The platform recommends a more nationalistic policy toward foreign investment in natural resource - related industries. Problems for foreign investors would be likely to arise if Labor were to carry out proposals to introduce export controls, more actively help coordinate exports by private companies, and strictly enforce laws requiring 51-percent Australian ownership and control in extraction and processing projects. [redacted]

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Hawke's Views

Although Hawke would be willing to challenge the US when he believed it appropriate, he is fundamentally in agreement with US policy objectives. For example, he has traditionally aligned himself with the US in policy matters concerning Israel and the USSR--positions that have cost him support in his party's left wing. [redacted]

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The US Embassy reports that Hawke favors the general outline for a Labor government's foreign policy that was presented by Hayden to senior US officials several months ago. Like Hayden, Hawke recognizes the importance of the US-Australian joint-defense facilities. [redacted]

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Hawke is less concerned than Hayden that Australia's limited control over the North West Cape facility compromises national sovereignty. [redacted]

[redacted]

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If a government led by Hawke is elected and carries out party policies, however, problems for US interests are likely to arise. The party seeks a nuclear-free zone in the southern hemisphere and rejects the US policy of neither confirming nor denying the presence of nuclear weapons on US aircraft in Australia. [redacted]

[redacted]

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[redacted] In addition, despite his personal long-term support for Israel, Hawke endorses his party's plank that rejects further Australian participation in the Sinai multinational peacekeeping force. He has left open the timing of the withdrawal. [redacted]

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Nevertheless, Hawke's moderate stand on sensitive defense issues and his fundamental support of the bilateral relationship would make a confrontational approach unlikely. Bilateral relations probably would remain intact and cooperative. [redacted]

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